

Article - Public Utilities

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§6–103.

(a) This section applies only to public service companies that operate in Maryland.

(b) (1) A public service company may not:

(i) capitalize or issue bonds against or as lien on a contract for consolidation, merger, or lease; or

(ii) except as provided in paragraph (2) of this subsection, capitalize a franchise or the right to own a franchise.

(2) A public service company may capitalize a franchise or right to own a franchise in an amount not exceeding the amount, exclusive of any tax or annual charge, actually paid to the State or a political subdivision as consideration for the grant of the franchise or right.

(c) The stated capital, as determined under Title 2, Subtitle 3 of the Corporations and Associations Article, of a public service company formed by a merger or consolidation of corporations may not exceed, solely by virtue of the merger or consolidation, the stated capital of the corporations merged or consolidated plus any additional sum paid in cash.

(d) (1) This subsection does not apply to the capitalization of a franchise to be a public service company.

(2) Notwithstanding any other provision of this article, the Commission may approve the capitalization of tangible and intangible property of:

(i) a newly chartered public service company; or

(ii) a public service company organized or reorganized by the purchaser of the franchise and property of its predecessor at a sale under judicial proceedings, mortgage, or deed of trust.

(3) Capitalization under paragraph (2) of this subsection shall be in the amount and form that the Commission considers reasonably necessary to enable the public service company to obtain the capital necessary to establish itself as a going concern.

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